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Tor

CANADA
MALTING CO.
LIMITED



Head Office
Box 248 - Terminal A
TORONTO - ONTARIO



REPORT TO
SHAREHOLDERS

Malthouses and Elevators

Montreal, Que.	Winnipeg, Man.
Toronto, Ont.	Calgary, Alta.
Thunder Bay, Ont.	

For the Six Months
ended June 30, 1977

CANADA MALTING CO. LIMITED

Consolidated Earnings for the Six Months ended June 30 (unaudited)

	1977	1976
Net Sales	\$60,963,322	\$55,984,519
Costs and expenses:		
Cost of products sold and all expenses except items shown below:	54,813,863	51,369,380
Interest on long term debt	28,000	32,000
Bank and other interest	894,759	1,346,648
Property rentals	297,186	332,590
Provision for depreciation	1,022,779	1,036,820
Provision for income taxes	1,767,000	874,600
	58,823,587	54,992,038
Earnings from operations before extraordinary item	2,139,735	992,481
Gain on sale of investment in Hugh Baird & Sons Limited	—	841,152
Net earnings for the period	\$ 2,139,735	\$ 1,833,633
Net earnings per share:		
Before extraordinary item	\$2.48	\$1.15
Extraordinary item	—	.97
	\$2.48	\$2.12

Consolidated Statement of Changes in Financial Position for the Six Months ended June 30

	1977	1976
Source of working capital:		
Earnings before extraordinary item	\$ 2,139,735	\$ 992,481
Non-cash charges deducted in arriving at earnings —		
Provision for depreciation	1,022,779	1,036,820
Amortization of prepaid rent	250,413	—
Funds provided from operations	3,412,927	2,029,301
Proceeds on sale of investment in Hugh Baird & Sons Limited	—	3,340,636
	\$ 3,412,927	\$ 5,369,937
Use of working capital:		
Additions to fixed assets	\$ 905,484	\$ 170,033
Deferred income taxes	30,000	46,000
Dividends on common shares	592,750	593,215
Tax paid on undistributed income	12,360	11,894
	\$ 1,540,594	\$ 821,142
Resulting in an increase in working capital of	1,872,333	4,548,795
Working capital at January 1	22,253,258	15,722,752
Working capital at June 30	\$24,125,591	\$20,271,547

TO OUR SHAREHOLDERS:

Consolidated earnings for the six months ended June 30, 1977 were \$2,139,735 or \$2.48 per share compared with \$992,481 or \$1.15 per share for the same period a year ago before the extraordinary item included in the 1976 earnings. Our volume of shipments to export markets for 1977 increased substantially over last year and this increase, together with lower interest charges and a better return on our mushroom operations account for the improvement.

In comparing results for the first six months it should be recalled that a year ago our earnings were adversely affected by lower sales in both domestic and export markets. Export sales this year were aided by the drought conditions suffered by the 1976 European crop together with lower barley prices as well as the decline in the Canadian dollar.

The directors have declared a dividend of 35¢ per share on the Class A convertible common shares and an initial amount of 29¾¢ a share on the Class B convertible common shares, both payable September 15, 1977 to shareholders of record on August 19, 1977. A further dividend of 5¼¢ a share may be paid later to Class B shareholders of record on August 19, 1977, provided the amendments introduced by the Federal Government in the March 31st Budget become law. This matter was more fully explained in a letter forwarded to shareholders earlier this year.

On behalf of the Board,

Reginald J. Thomas,
President.

TORONTO, ONTARIO.
August 10, 1977.